

COUNCIL ON HOUSING  
Public Session  
The Duncan Center  
Dover, Delaware  
July 11, 2007

**ACTION ITEMS**

- **Delaware Emergency Mortgage Assistance Program (DEMAP)**
- **State Voucher Program for the Homeless (Step-Up)**

On July 11, 2007 Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 10:10 a.m. In addition to Ms. Harkins, the following Council members were present:

Connie Louder  
Connie McCarthy  
Joseph McDonough  
Ruth Sokolowski  
Vincent White  
Norma Zumsteg

The following Council member was absent and excused from the meeting:

John Walker

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP  
Saundra Johnson, Director, DSHA  
Tim McLaughlin, Deputy Director, DSHA  
Cathy Gregory, Senior Policy Advisor, DSHA  
Anas Ben Addi, Housing Finance Administrator  
Matthew Heckles, Executive Assistant, DSHA  
Jerry Jones, Housing Finance/Development Administrator, DSHA  
Lynda Blythe, Administrative Specialist III, DSHA

Guest present:

Ken Smith, Delaware Housing Coalition

Ms. Harkins stated the Executive Session would be held at the close of the Public Session today.

## APPROVAL OF MINUTES

A motion was made by Ms. McCarthy to approve the Public Minutes of May 9, 2007 as written. Seconded by Ms. Louder, the motion passed unanimously.

## HDF STATEMENT

Mr. Jones reviewed the attached HDF statement noting item 117, Lea Apartments, had been approved at the May 9, 2007 meeting. Items 118 through 120 (Clayton Court in Wilmington, Brightway Commons II in Milford, and Marcella's House in Wilmington) received the highest Tax Credit rankings. He also noted Hollybrook Apartments in Laurel had qualified for Tax Credits but was not listed at this time since staff was still determining if the HDF is needed. Items 121 and 122, DEMAP FY08 and the Step-Up Program, would be presented at this meeting. Mr. McDonough asked how long items stay on the HDF list. Mr. Jones stated the items remain listed as long as DSHA has an open mortgage or grant on a property. Ms. Sokolowski commended the staff for geographic dispersion of funds regarding the Tax Credit sites maps that were distributed to members.

## DELAWARE EMERGENCY MORTGAGE ASSISTANCE PROGRAM (DEMAP)

Mr. Ben Addi presented an update on the DEMAP program stating work on this pilot program for loans to homeowners facing foreclosure had begun in January and most of the first year's funds had been committed. DSHA is now requesting Council approval to release DEMAP's second year appropriation.

- DEMAP provides a 3% simple interest loan for up to \$15,000, a breakdown of funding to date (attached) was presented.
- The two main criteria for borrowers are:
  1. Foreclosure is outside borrower's control.
  2. Potential for borrower to get back on track.
- Two types of loans available are:
  1. "Non-Continuing" wherein back mortgage payments are made.
  2. "Continuing" loans where there is no catch-up of payments but future payments are made.
- Average loan amount to date is \$12,568.

Mr. Ben Addi discussed the volume of documentation required by this program and he has streamlined some of the paperwork. Counseling agencies also have much more detailed work in DEMAP versus normal housing counseling. The \$125 fee to the counseling agencies has proven to be inadequate and Mr. Ben Addi is trying to rectify this. Also, it has been difficult for the

lender's attorneys to respond to requests in a timely manner. Most of the foreclosures have involved mortgages with Adjustable Rate Mortgages (ARMs).

Mr. McDonough asked how applicants prove their employment status and was told the counselors question the applicants and receive confirmation letters from employers.

Ms. Sokolowski suggested paying counseling agencies either a flat fee for processing the applications or an hourly rate. Delaware Federation of Housing Counselors members currently receive \$500 per closing for homeownership counseling.

All applications, at this time, must be submitted to DSHA for review even if the qualifying criteria is not met. Both Ms. Sokolowski and Ms. Zumsteg felt it unfair to counselors and borrowers to have to submit applications for denial. Mr. Ben Addi advised the counseling agencies did not want the liability for denying applications.

Ms. Sokolowski noted the highest rate of denial of claims was to African-Americans, who made up the largest group of applicants (43%), and questioned if the denials could be interpreted as race based. Mr. Ben Addi explained the demographics information was ascertained merely to determine to whom the program information was being made available, noting in 30% of the applications that race was not disclosed. Ms. Johnson felt that it was important to have racial data since lending institutions typically track such statistics.

Mr. White questioned the need for race disclosure. He was more interested in the reasons for foreclosure; i.e. divorce, medical, loss of employment, etc.

Mr. Ben Addi will provide more information as to the correlation of race/ethnicity and reason for foreclosure and denial.

Mr. White asked how borrowers know they have ARMs. Mr. Ben Addi replied all borrowers must supply a copy of the mortgage note to the counseling agency and mortgage terms are discussed.

Mr. Ben Addi stated that in certain circumstances clients cannot be assisted because foreclosure proceedings are nearly finished when the client applies for DEMAP. Ms. Sokolowski asked that an additional category of "Too Late to Process" be added to Mr. Ben Addi's report. The Resolution was reviewed and it was agreed the words "and demographics" be added to the last paragraph of the Resolution.

Ms. Zumsteg moved to approve the Resolution No. 360 as amended. Seconded by Ms. Sokolowski, the motion was passed.

## STATE VOUCHER PROGRAM FOR THE HOMELESS (STEP-UP)

Ms. Gregory began her presentation (attached) by thanking Kim Brockenbrough for all her hard work on this program. She next highlighted the Introduction section of the presentation:

- More than 2000 people homeless on any given night.
- Point-in-time study for number of homeless was performed January 26, 2007.
- Request is for \$1 million in rental subsidy over a three-year period to be administered by homeless service providers.
- Target is a minimum of 35 people who are either exiting the Foster Care system and are at risk of becoming chronically homeless or individuals with mental health and/or substance abuse conditions who are chronically homeless.
- Mr. White asked if re-entry participants (newly released from prison) were a part of this program. Ms. Gregory stated that this segment of the population is not included as the State does not have the needed statistical information at this time.
- DSHA plans to issue a Request for Proposals for service providers to implement the Step-Up Program.

Ms. Gregory is hopeful that the program will become permanently legislated by the State. Service providers can use the subsidy for individual units or at multi-unit sites and counseling will be provided. The goal is for the tenant to have stable housing for up to three years and move on to more permanent housing.

- Ms. McCarthy asked if the program would be statewide. Ms. Gregory responded that the goal was to have the program statewide. However, the biggest need is in New Castle County.
- Ms. Johnson anticipates the program to be up and running by fall and intends to make the program a permanent component of DSHA's mission.
- Ms. Gregory was hopeful that HUD will relax some of their stringent guidelines so more federal funds can be utilized for housing the homeless.
- Ms. Sokolowski asked if part of the program funds could be used for administrative costs and could changes be made retroactively. Ms. Gregory responded yes, as this is a pilot program, changes can be made as the program is being further developed and that administrative fees could be requested in the RFP.

- Reviewers of the RFP proposals will be Delaware Health and Social Services, DSHA, Executive Director of the City of Wilmington Department of Real Estate and Housing, stake holders, and Council members Mr. McDonough and Mr. Walker.
- DSHA intends to hold a public meeting for input on the RFP and all Council Members will be invited. Ms. Gregory noted the public meeting is not required but feels it will be useful.
- Ms. Zumsteg noted two agencies in New Castle County who are very involved with the homeless, Friendship House and Sunday Breakfast Mission; however, they do not operate with government funds and it will be difficult to convince them to utilize the new program.
- Mr. White was concerned the statement of “ending homelessness” was erroneous in that the homeless count will continue to escalate even as more are helped. Youth exiting foster care and re-entry participants will force the homeless count up and the proposed funding does not address the increase in demand.
- Mr. White requested a case study be completed to have an understanding on how the program actually performs.
- Ms. Gregory noted this program should not experience the unintended consequence of people from other states moving to Delaware to take advantage of the program. Step-Up is intended for individuals in Delaware only.
- Ms. Johnson felt strongly that Delaware must provide a respite place for its homeless population and those dismissed from institutions.

The motion to approve Resolution #360 was made by Ms. Sokolowski and seconded by Ms. McCarthy. Ms. Sokolowski commended DSHA for undertaking this pilot program. The motion was approved unanimously.

#### DIRECTOR’S REPORT

Ms. Johnson reported the FY 08 Bond Bill funding is the largest amount ever received by DSHA, it includes:

- \$7.5 million for preservation of subsidized developments.
- \$500,000 for DEMAP.

FY08 Budget Bill funding includes:

- \$4.07 million for the HDF.
- \$49,500 for Neighborhood Assistance Act Administration.
- The Joint Sunset Committee proposed legislation for changes in the current Council legislation was not acted upon this legislative session and probably will be brought up in January 2008.
- Ms. Johnson reported that on the last day of the legislative session, a resolution was introduced and passed in the Senate that DSHA be required to demolish Courtyard Apartments. This request did not come out of the House committee and the legislation did not go forward.
- Ms. Johnson stated that Congressman Barney Frank of Massachusetts has proposed a Housing Trust Fund amounting to \$800 million to \$1 billion be granted to the states. Funding would come from Fannie Mae and Freddie Mac. Each state would receive a minimum of 1% (or \$8 million) of gross funds which would be divided 60-40 between state agencies and municipalities. DSHA would receive \$3.2 million; New Castle County and Wilmington would receive \$4.8 million combined.

#### OTHER BUSINESS

- Ms. Harkins thanked all the members for attending so many non-Council housing-related meetings and showing such strong support for affordable housing.
- Ms. Sokolowski asked that letters of thanks be sent to Legislative members who were key to DSHA getting funding this year. A letter will be sent to the Governor and others in early August.

#### Election of Officers

Ms. McCarthy announced election of officers for the coming year and nominated Ms. Harkins as Chair and Ms. Zumsteg as Vice Chair. Mr. McDonough seconded for purpose of discussion. There being no other names brought forward, the nominations were unanimously approved. Ms. Harkins noted this will be her last year as Chairperson.

#### Membership

\_\_\_\_\_ Ms. Louder and Ms. McCarthy gave the Nominating Committee report.

- Ms. McCarthy stated Fernando Guajardo had spoken to both Ms. Johnson and Ms. Harkins and had resigned from the Council. Ms. McCarthy requested a motion to

accept the resignation and move forward to replace Mr. Guajardo on the Council. Mr. McGonigle advised that both Council and the Governor need to accept the resignation. Mr. McDonough seconded the motion. Motion was unanimously approved to accept the resignation of Mr. Guajardo and request his position be filled. The Governor will be notified.

- Ms. Louder explained the Nominating Committee originally had been anticipating having to fill three seats, i.e. replacement for Mr. Guajardo as well as the addition of two more members, one of which would be a tenant, as proposed by the Joint Sunset Committee (JSC). Inasmuch as the JSC legislation did not go forward, only Mr. Guajardo's seat will need to be filled.
- Nominees for new Council Member, all from Sussex County, are:

Tom Hoffman  
Tim Leahy  
Pat Bachelor

Should a tenant member be required in the future, Ms. McCarthy suggested Bill Pearson, a tenant at Sacred Heart Village, be contacted. The nominees will be sent applications which are to be submitted to the Governor's office.

- Mr. McGonigle advised Council that no elected official may be nominated as a Council member. He also stated teleconferencing is not an option for members as it cannot be recognized as creating a quorum.
- Motion was made by Ms. Zumsteg and seconded by Mr. McDonough that the nominations be forwarded to the Governor. Motion was unanimously approved.

#### ADMINISTRATIVE MATTERS

- Mr. McDonough and Mr. Walker are on the committee to review the Step-Up RFP responses and select the service providers.
- Ms. Louder will be attending the Loan Review Committee meetings.
- Mr. White and Ms. Zumsteg are on the Governance committee.
- Ms. Zumsteg was asked, upon completion of her thesis on housing, to make a presentation of same to the Council.

### SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, August 8, 2007 at 2:00 p.m. at the Buena Vista Conference Center.

### ADJOURNMENT TO EXECUTIVE SESSION

A motion was made by Ms. Zumsteg to adjourn to Executive Session, Mr. McDonough seconded the motion. Motion was unanimously passed and the meeting adjourned at 12:22 p.m.

### ADJOURNMENT

Upon reconvening the Public Session, Mr. White and Ms. Harkins requested they be sent a copy of the DEMAP application package. Mr. Jones will see this is done.

Ms. Harkins requested a motion be made to adjourn the Public Session. Ms. Zumsteg so moved and Ms. Louder seconded the motion. The Public Session was adjourned at 12:26 p.m.

Respectfully submitted,

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Lynda T. Blythe